



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
HARDIN COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE HARDIN COUNTY CLERK

Calendar Year 2000

The Auditor of Public Accounts has completed the Hardin County Clerk's audit for calendar year 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

The State Treasurer maintains two accounts for the County Clerk. The 75% Operating Fund balance increased by \$192,746 from the prior calendar year and the 25% County Fund balance increased by \$29,526 from the prior calendar year. Fee account revenues increased by \$762,861 from the prior year and disbursements increased by \$772,559.

Debt Obligations:

The Hardin County Clerk is committed to a lease agreement with Hardin County Water District #1 for its Radcliff office. The agreement requires an annual payment of \$3,888 for office space and \$1,800 for the basement area and expires on December 31, 2001. The amount expended by Fiscal Court under this lease during the year ended December 31, 2000 was \$5,688.

Report Comments:

None.

Best Practices Comments:

- We would like to commend the Hardin County Clerk, Kenneth L. Tabb, and Finance Officer, Carla Nelson, for their excellent accounting procedures and record keeping. They have demonstrated a high degree of knowledge concerning the Commonwealth of Kentucky's automated reporting system for counties with population exceeding 70,000.

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

| | |
|--|----|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| STATEMENT OF RECEIPTS AND DISBURSEMENTS | 3 |
| STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER..... | 5 |
| NOTES TO THE FINANCIAL STATEMENTS..... | 6 |
| REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS | 11 |



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Glen D. Dalton, County Judge/Executive
Honorable Kenneth L. Tabb, Hardin County Clerk
Members of the Hardin County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Hardin County Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2000. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Glen D. Dalton, County Judge/Executive
Honorable Kenneth L. Tabb, Hardin County Clerk
Members of the Hardin County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated September 27, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

- We would like to commend the Hardin County Clerk, Kenneth L. Tabb, and Finance Officer, Carla Nelson, for their excellent accounting procedures and record keeping. They have demonstrated a high degree of knowledge concerning the Commonwealth of Kentucky's automated reporting system for counties with population exceeding 70,000.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 27, 2001

HARDIN COUNTY
KENNETH L. TABB, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2000

Receipts

| | | |
|-------------------------|----|--------|
| State Fees For Services | \$ | 32,226 |
|-------------------------|----|--------|

| | | |
|--------------|----|--------|
| Fiscal Court | \$ | 21,609 |
|--------------|----|--------|

| | | |
|--|---------|---------|
| Amounts Paid by County on Behalf of County Clerk | 194,125 | 215,734 |
|--|---------|---------|

Licenses and Taxes:

Motor Vehicle-

| | | |
|------------------------|----|-----------|
| Licenses and Transfers | \$ | 2,044,282 |
|------------------------|----|-----------|

| | | |
|-----------|--|-----------|
| Usage Tax | | 9,827,712 |
|-----------|--|-----------|

| | | |
|--------------------------------|--|-----------|
| Tangible Personal Property Tax | | 4,686,219 |
|--------------------------------|--|-----------|

| | | |
|-----------------|--|--------|
| Inspection Fees | | 12,530 |
|-----------------|--|--------|

| | | |
|---------------|--|--------|
| Miscellaneous | | 46,075 |
|---------------|--|--------|

Licenses-

| | | |
|---------------|--|-------|
| Fish and Game | | 5,042 |
|---------------|--|-------|

| | | |
|----------|--|--------|
| Marriage | | 33,982 |
|----------|--|--------|

| | | |
|--------------|--|-------|
| Occupational | | 1,615 |
|--------------|--|-------|

| | | |
|----------------------|--|-------|
| Election Filing Fees | | 2,830 |
|----------------------|--|-------|

| | | |
|-------------------|--|---------|
| Deed Transfer Tax | | 220,362 |
|-------------------|--|---------|

| | | |
|------------------|---------|------------|
| Delinquent Taxes | 567,041 | 17,447,690 |
|------------------|---------|------------|

Fees Collected for Services:

Recordings-

| | | |
|---------------------------------|----|--------|
| Deeds, Easements, and Contracts | \$ | 69,383 |
|---------------------------------|----|--------|

| | | |
|-----------------------|--|---------|
| Real Estate Mortgages | | 116,582 |
|-----------------------|--|---------|

| | | |
|--|--|---------|
| Chattel Mortgages and Financing Statements | | 268,544 |
|--|--|---------|

| | | |
|--------------------|--|-------|
| Powers of Attorney | | 6,119 |
|--------------------|--|-------|

| | | |
|----------------------|--|--------|
| All Other Recordings | | 72,063 |
|----------------------|--|--------|

Charges for Other Services-

| | | |
|---------|--|--------|
| Postage | | 13,664 |
|---------|--|--------|

| | | |
|----------|--------|---------|
| Copywork | 18,606 | 564,961 |
|----------|--------|---------|

Other:

| | | |
|---------------|--|-------|
| Miscellaneous | | 8,121 |
|---------------|--|-------|

| | | |
|-----------------|--|--------|
| Interest Earned | | 26,525 |
|-----------------|--|--------|

| | | |
|----------------|----|------------|
| Gross Receipts | \$ | 18,295,257 |
|----------------|----|------------|

HARDIN COUNTY
KENNETH L. TABB, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS
Calendar Year 2000
(Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,502,923

Usage Tax 9,530,656

Tangible Personal Property Tax 1,841,628

Licenses-

Fish and Game 4,930

Delinquent Tax 82,728

Legal Process Tax 82,927 \$ 13,045,792

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 403,756

Delinquent Tax 66,665

Deed Transfer Tax 209,393

Occupational Licenses 1,319 681,133

Payments to Other Districts:

Tangible Personal Property Tax \$ 2,256,390

Delinquent Tax 271,592 2,527,982

Payments to Sheriff

26,946

Payments to County Attorney

81,760

Payments Made By County On Behalf Of County Clerk

194,125

Total Disbursements

\$ 16,557,738

Net Receipts

\$ 1,737,519

Payments to State Treasurer:

75% Operating Fund \$ 1,328,215

25% County Fund 412,618 1,740,833

Balance Due From State Treasurer:

75% Operating Fund \$ (2,486)

25% County Fund (828) \$ (3,314)

The accompanying notes are an integral part of the financial statements.

HARDIN COUNTY
KENNETH L. TABB, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
FUND BALANCES OF THE COUNTY CLERK'S OPERATING
FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2000

| | 75% Operating Fund | 25% County Fund | Totals |
|---|--------------------------|-----------------------|--------------|
| Fund Balance - January 1, 2000 | \$ 278,840 | \$ 239,217 | \$ 518,057 |
| <u>Receipts</u> | | | |
| Fees Paid to State - Operating Funds (75%) | 1,328,215 | | 1,328,215 |
| Fees Paid to State - County Funds (25%) | | 412,618 | 412,618 |
| Settlement for 1999 - Operating Funds (75%) | 1,768 | 589 | 2,357 |
| Total Funds Available | \$ 1,608,823 | \$ 652,424 | \$ 2,261,247 |
| <u>Disbursements</u> | | | |
| Hardin County Government | \$ | \$ 383,681 | \$ 383,681 |
| Personal Services- | | | |
| Official's Statutory Maximum | 73,426 | | 73,426 |
| County Clerk's Expense Allowance | 3,600 | | 3,600 |
| Deputies Salaries | 757,477 | | 757,477 |
| Employee Benefits- | | | |
| Employer's Share Social Security | 59,120 | | 59,120 |
| Employer's Share Retirement | 59,368 | | 59,368 |
| Employer's Paid Health Insurance | 73,500 | | 73,500 |
| Training Fringe Benefit (HB 810) | 1,394 | | 1,394 |
| Materials and Supplies - | | | |
| Office Furniture and Machines | 1,378 | | 1,378 |
| Rent, Utilities, and Phone | 20,617 | | 20,617 |
| Materials and Supplies | 13,985 | | 13,985 |
| Other Charges- | | | |
| Conventions and Travel | 10,076 | | 10,076 |
| Postage | 19,865 | | 19,865 |
| Miscellaneous | 14,082 | | 14,082 |
| Repairs and Maintenance | 17,072 | | 17,072 |
| Capital Outlay- | | | |
| Office Equipment | 12,277 | | 12,277 |
| Total Disbursements | \$ 1,137,237 | \$ 383,681 | \$ 1,520,918 |
| Fund Balance - December 31, 2000 | \$ 471,586 | \$ 268,743 | \$ 740,329 |

The accompanying notes are an integral part of the financial statements.

HARDIN COUNTY
KENNETH L. TABB, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

HARDIN COUNTY
KENNETH L. TABB, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$9,311. No funds were expended during calendar year 2000. The unexpended grant balance is \$9,311 as of December 31, 2000.

Note 5. Lease

The Office of the County Clerk is committed to a lease agreement with Hardin County Water District #1 for its Radcliff office. The agreement requires an annual payment of \$3,888 for office space and \$1,800 for the basement area and expires on December 31, 2001. The amount expended by Fiscal Court under this lease during the year ended December 31, 2000 was \$5,688.

HARDIN COUNTY
KENNETH L. TABB, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000

Note 6. Payments Made By County On Behalf Of County Clerk

Fiscal Court budgets a portion of the 25% county fund (Note 1A) to be spent on behalf of the County Clerk. During the year ended December 31, 2000, the amount of \$194,125 was spent on behalf of the County Clerk's office. The expenditures were for operating expenses.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Glen D. Dalton, County Judge/Executive
Honorable Kenneth L. Tabb, Hardin County Clerk
Members of the Hardin County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the Hardin County Clerk for the year ended December 31, 2000, and have issued our report thereon dated September 27, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hardin County Clerk's financial statements as of December 31, 2000, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hardin County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 27, 2001

